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**CHAODA MODERN AGRICULTURE (HOLDINGS) LIMITED**  
**超大現代農業（控股）有限公司**

*(Incorporated in the Cayman Islands with limited liability)*  
**(Stock Code : 682)**

**INTERIM RESULTS ANNOUNCEMENT**  
**FOR THE SIX MONTHS ENDED 31 DECEMBER 2010**

**HIGHLIGHTS**

**Turnover increased by 18% to RMB3,835 million.**

**Gross profit increased by 15% to RMB2,382 million.**

**Profit from operations increased by 12% to RMB1,531 million.**

**Profit for the period attributable to owners of the Company increased by 13% to RMB1,547 million.**

The board of directors (the “Board”) of Chaoda Modern Agriculture (Holdings) Limited (the “Company”) is pleased to present the interim results of the Company and its subsidiaries (collectively the “Group” or “Chaoda”) for the six months ended 31 December 2010. The consolidated statement of comprehensive income of the Group for the six months ended 31 December 2010 and the consolidated statement of financial position of the Group as at 31 December 2010, together with the selected explanatory notes, are unaudited and condensed, which have been reviewed by the Company’s Audit Committee and the Company’s auditors, BDO Limited.

## CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

*for the six months ended 31 December 2010 – Unaudited*

	<i>Notes</i>	<b>Six months ended 31 December</b>	
		<b>2010</b>	<b>2009</b>
		<b>RMB'000</b>	<b>RMB'000</b>
Turnover	3	<b>3,835,298</b>	3,236,920
Cost of sales		<b>(1,452,848)</b>	(1,168,341)
<b>Gross profit</b>		<b>2,382,450</b>	2,068,579
Other revenues		<b>49,102</b>	21,934
Loss arising from changes in fair value less estimated point-of-sale costs of biological assets		<b>(42,658)</b>	(184,182)
Selling and distribution expenses		<b>(431,707)</b>	(344,086)
General and administrative expenses		<b>(235,879)</b>	(74,001)
Research expenses		<b>(24,461)</b>	(16,025)
Other operating expenses		<b>(166,267)</b>	(109,098)
<b>Profit from operations</b>		<b>1,530,580</b>	1,363,121
Finance costs	5(a)	<b>(33,361)</b>	(65,380)
Gain on disposal of an associate	9	<b>48,174</b>	-
Loss on deemed disposal of interest in an associate		-	(3,297)
Gain on deemed acquisition of additional interest in an associate		-	1,678
Loss on partial disposal of an associate		-	(10,724)
Share of net (loss)/profit of associates		<b>(425)</b>	77,855
<b>Profit before income tax</b>	5	<b>1,544,968</b>	1,363,253
Income tax expense	6	<b>(88)</b>	(144)
<b>Profit for the period</b>		<b>1,544,880</b>	1,363,109
<b>Other comprehensive income</b>			
Currency translation differences		<b>(41,621)</b>	-
Fair value gain on available-for-sale investments		<b>580,395</b>	-
<b>Other comprehensive income for the period</b>		<b>538,774</b>	-
<b>Total comprehensive income for the period</b>		<b>2,083,654</b>	1,363,109
<b>Profit for the period attributable to:</b>			
Owners of the Company		<b>1,546,794</b>	1,364,054
Non-controlling interests		<b>(1,914)</b>	(945)
		<b>1,544,880</b>	1,363,109
<b>Total comprehensive income for the period attributable to:</b>			
Owners of the Company		<b>2,085,568</b>	1,364,054
Non-controlling interests		<b>(1,914)</b>	(945)
		<b>2,083,654</b>	1,363,109
<b>Earnings per share for profit attributable to the owners of the Company during the period</b>			
- Basic	8(a)	<b>RMB0.47</b>	RMB0.45
- Diluted	8(b)	<b>RMB0.45</b>	RMB0.44

# CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 31 December 2010 – Unaudited

	Notes	31 December 2010 RMB'000	30 June 2010 RMB'000 (Audited)
<b>ASSETS AND LIABILITIES</b>			
<b>Non-current assets</b>			
Property, plant and equipment		8,307,559	7,369,573
Construction-in-progress		736,804	270,690
Prepaid premium for land leases		5,816,783	5,420,459
Biological assets		2,715,735	2,628,101
Available-for-sale investments	9	1,370,619	-
Deferred development costs		26,955	33,730
Deferred expenditure		527,640	473,027
Intangible assets		868,600	888,800
Interests in associates		7,902	879,368
		<b>20,378,597</b>	<b>17,963,748</b>
<b>Current assets</b>			
Prepaid premium for land leases		158,735	151,842
Biological assets		930,666	965,576
Inventories		69,816	36,912
Trade receivables	10	221,746	418,385
Other receivables, deposits and prepayments		509,301	177,502
Cash and cash equivalents		3,885,557	2,044,349
		<b>5,775,821</b>	<b>3,794,566</b>
<b>Current liabilities</b>			
Amounts due to a related company		63,708	51,618
Trade payables	11	28,736	27,665
Other payables and accruals		117,738	135,421
Bank loans		-	14,500
		<b>210,182</b>	<b>229,204</b>
<b>Net current assets</b>		<b>5,565,639</b>	<b>3,565,362</b>
<b>Total assets less current liabilities</b>		<b>25,944,236</b>	<b>21,529,110</b>
<b>Non-current liabilities</b>			
Convertible bonds	12	1,050,522	-
Deferred tax liabilities		20,655	20,655
		<b>1,071,177</b>	<b>20,655</b>
<b>Net assets</b>		<b>24,873,059</b>	<b>21,508,455</b>
<b>EQUITY</b>			
<b>Equity attributable to the owners of the Company</b>			
Share capital		336,984	323,892
Reserves		24,274,250	20,920,824
		<b>24,611,234</b>	<b>21,244,716</b>
<b>Non-controlling interests</b>		<b>261,825</b>	<b>263,739</b>
<b>Total equity</b>		<b>24,873,059</b>	<b>21,508,455</b>

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

for the six months ended 31 December 2010 – Unaudited

## 1. BASIS OF PREPARATION

The unaudited condensed consolidated interim financial statements of Chaoda Modern Agriculture (Holdings) Limited (the “Company”) and its subsidiaries (collectively, the “Group”) for the six months ended 31 December 2010 (the “Interim Financial Report”) have been prepared in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”) and the applicable disclosure requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

The Interim Financial Report does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements for the year ended 30 June 2010 (the “2010 Annual Financial Statements”).

The Interim Financial Report has been prepared in accordance with the same accounting policies adopted in the 2010 Annual Financial Statements, except for the adoption of the new and revised Hong Kong Financial Reporting Standards (“HKFRSs”) (which include all individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards and Interpretations) as disclosed in note 2 to the Interim Financial Report.

The Interim Financial Report is unaudited but has been reviewed by BDO Limited in accordance with Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the HKICPA.

## 2. ADOPTION OF NEW, AMENDED OR REVISED HKFRSs

In the current interim period, the Group has applied, for the first time, the following new standards, amendments and interpretations (the “new HKFRSs”) issued by the HKICPA, which are relevant to and effective for the Group's financial statements for the annual period beginning on 1 July 2010.

HK Interpretation 5	Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause
HK(IFRIC) – Interpretation 19	Extinguishing Financial Liabilities with Equity Instruments
Various	Annual Improvements to HKFRSs 2009

The impact of these new and amended HKFRSs on the condensed consolidated interim financial statements is not significant.

The Group has not early adopted certain new standards, amendments to standards and interpretations that have been issued at the time of preparing the Interim Financial Report but are not yet effective. The directors of the Company (the “Directors”) anticipate that all of the pronouncements will be adopted in the Group's accounting policy for the period beginning after the effective date of the pronouncements. The Directors are also currently assessing the impact of these new standards, amendments to standards and interpretation but are not yet in a position to state whether they would have material impact on the results and the financial position of the Group.

### 3. TURNOVER

The principal activities of the Group are the growing and sales of crops, and breeding and sales of livestock.

Turnover represents the sales value of goods supplied to customers. The amount of each significant category of revenue recognised in turnover during the period is as follows:

	Six months ended 31 December	
	2010	2009
	<i>RMB'000</i>	<i>RMB'000</i>
Sales of crops	<b>3,810,169</b>	3,212,991
Sales of livestock	<b>25,129</b>	23,929
	<b><u>3,835,298</u></b>	<u>3,236,920</u>

### 4. SEGMENT INFORMATION

The Group identifies operating segments and prepares segment information based on the regular internal financial information reported to the executive directors for their decisions about resources allocation to the Group's business components and for their review of the performance of those components. The business components in the internal financial information reported to the executive directors are determined following the Group's major operations.

The Group's operating business are organised and managed separately according to the nature of products, which each segment representing a strategic business segment that offers different products in the People's Republic of China ("PRC") market. However, the Group's executive directors considered that over 90% of the Group's revenue, operating results and assets during the six months ended 31 December 2010 and 2009 were mainly derived from its growing and sales of crops. Consequently, no operating segment analysis is presented.

The Company is an investment holding company and the principal place of the Group's operation is in the PRC. For the purpose of segment information disclosures under HKFRS 8, the Group regarded the PRC as its country of domicile. Over 90% of the Group's revenue and non-current assets are principally attributable to the PRC, being the single geographical region.

## 5. PROFIT BEFORE INCOME TAX

Profit before income tax is arrived at after charging / (crediting):

### (a) Finance costs

	Six months ended 31 December	
	2010	2009
	<i>RMB'000</i>	<i>RMB'000</i>
Interest on the guaranteed senior notes issued	-	60,548
Effective interest expense on convertible bonds	33,279	-
Bank and finance charges	82	4,832
	<u>33,361</u>	<u>65,380</u>

### (b) Staff costs

	Six months ended 31 December	
	2010	2009
	<i>RMB'000</i>	<i>RMB'000</i>
Salaries, wages and other benefits	409,218	311,359
Employee share option benefits	160,128	6,919
Retirement benefit costs	2,702	2,707
	<u>572,048</u>	<u>320,985</u>

### (c) Other items

	Six months ended 31 December	
	2010	2009
	<i>RMB'000</i>	<i>RMB'000</i>
Interest income	(13,066)	(3,778)
Amortisation of deferred development costs	5,775	5,405
Written off of deferred development costs	1,000	-
Amortisation of deferred expenditure, net of amount capitalised	61,205	39,839
Amortisation of prepaid premium for land leases, net of amount capitalised	21,971	41,346
Cost of inventories sold	1,452,848	1,168,341
Depreciation of property, plant and equipment, net of amount capitalised	256,132	143,045
Exchange gain, net	(238)	(1,500)
Operating lease expenses		
- land and buildings	115,765	93,738
- motor vehicles	51	51
Loss on disposals and write off of property, plant and equipment	11,731	26,342
	<u>11,731</u>	<u>26,342</u>

## 6. INCOME TAX EXPENSE

The amount of income tax expense represents:

	Six months ended 31 December	
	2010	2009
	RMB'000	RMB'000
Current tax		
- PRC income tax ( <i>note (a)</i> )	88	144
- Hong Kong profits tax ( <i>note (b)</i> )	-	-
	<u>88</u>	<u>144</u>

Notes:

- (a) According to the PRC tax law and its interpretation rules (the “PRC Tax Law”), enterprises that engage in qualifying agricultural business are eligible for certain tax benefits, including full enterprise income tax exemption or half reduction of enterprise income tax on profits derived from such business. Fuzhou Chaoda Agriculture Development Company Limited, the Group's principal subsidiary and other PRC subsidiaries engaged in qualifying agricultural business, which include growing and sales of crops and breeding and sales of livestock, are entitled to full exemption of enterprise income tax.

The enterprise income tax rate of other PRC subsidiaries of the Group not engaged in qualifying agricultural business is 25% for the six months ended 31 December 2010 and 2009.

- (b) No provision for Hong Kong profits tax has been made as there are no estimated assessable profits for the Company and its subsidiaries operating in Hong Kong for the six months ended 31 December 2010 and 2009.

## 7. DIVIDENDS

### (a) Dividends payable to the owners of the Company attributable to the period:

	Six months ended 31 December	
	2010	2009
	<i>RMB'000</i>	<i>RMB'000</i>
Interim dividend of HK\$0.030 (2009: Nil) per ordinary share	<b>84,185</b>	-

At the meeting held on 28 February 2011, the Directors declared an interim dividend of HK\$0.030 (equivalent to approximately RMB0.025) per ordinary share. The declared interim dividend has not yet been accounted for in the current period's financial statements but will be reflected in the financial statements for the year ending 30 June 2011.

### (b) Dividends payable to the owners of the Company attributable to the previous financial year, approved and paid during the interim period:

	Six months ended 31 December	
	2010	2009
	<i>RMB'000</i>	<i>RMB'000</i>
Final dividend of HK\$0.060 (2009: HK\$0.050) per ordinary share paid during the period	<b>172,379</b>	133,684

At the annual general meeting held on 30 November 2010, final dividend for the year ended 30 June 2010 of HK\$0.060 (equivalent to approximately RMB0.052) per ordinary share was declared and approved. The dividend was paid during the period and the amount was reflected as appropriation of retained profits for the six months ended 31 December 2010.



## 8. EARNINGS PER SHARE

### (a) Basic earnings per share

The calculation of basic earnings per share is based on the profit attributable to the owners of RMB1,546,794,000 (Six months ended 31 December 2009: RMB1,364,054,000) and the weighted average number of 3,297,636,361 (Six months ended 31 December 2009 : 3,032,156,831) ordinary shares in issue during the period.

### (b) Diluted earnings per share

The calculation of diluted earnings per share is based on the profit attributable to the owners of RMB1,580,073,000 (Six months ended 31 December 2009: RMB1,364,054,000) and the weighted average number of 3,490,804,850 (Six months ended 31 December 2009 : 3,123,431,078) ordinary shares after adjusting for the effects of all dilutive potential ordinary shares under the Company's share option scheme and convertible bonds. The call options outstanding during the six months ended 31 December 2010 had an anti-dilutive effect on the basic earnings per share amount for the current period.

The calculation of the diluted earnings per share is based on the following data:

#### *Profit attributable to owners of the Company (diluted)*

	Six months ended 31 December	
	2010	2009
	RMB'000	RMB'000
Profit attributable to owners	1,546,794	1,364,054
Effective interest expense on convertible bonds	33,279	-
Profit used to determine diluted earnings per share	<u>1,580,073</u>	<u>1,364,054</u>

#### *Weighted average number of ordinary shares (diluted)*

	Six months ended 31 December	
	2010	2009
	Number of shares	Number of shares
Weighted average number of ordinary shares used in calculating basic earnings per share	3,297,636,361	3,032,156,831
Deemed issue of ordinary shares – share options	66,959,579	91,274,247
Deemed issue of ordinary shares – convertible bonds	126,208,910	-
Weighted average number of ordinary shares used in calculating diluted earnings per share	<u>3,490,804,850</u>	<u>3,123,431,078</u>

## 9. AVAILABLE-FOR-SALE INVESTMENTS

	<b>31 December 2010</b> <i>RMB'000</i>	30 June 2010 <i>RMB'000</i>
Listed equity investments in Hong Kong, at fair value	<b>1,370,619</b>	-

On 30 July 2010, the Group disposed of 31,434,000 ordinary shares of a former principal associate, Asian Citrus Holdings Limited (“Asian Citrus”), which is listed on both the Stock Exchange and the Alternative Investment Market of London Stock Exchange, representing approximately 3.7% of equity interest in Asian Citrus (the “Disposal”). Pursuant to the Disposal, the Group's interest in Asian Citrus reduced from 22.81 % to 19.09%. In the opinion of the directors, the Group ceased to have significant influence to the voting rights of Asian Citrus from the date of Disposal and the remaining balance of investments in Asian Citrus were reclassified as available-for-sale investments from interests in associates and measured at fair value. The gain on disposal of an associate recognised in profit or loss amounted to RMB48,174,000 for the six months ended 31 December 2010.

The fair value of the listed equity investments is based on the quoted market bid prices available on the Stock Exchange. During the six months ended 31 December 2010, the fair value gain recognised directly in investment revaluation reserve amounted to RMB580,395,000.

## 10. TRADE RECEIVABLES

The Group's trading terms for its local wholesale and retail sales are mainly cash on delivery whereas local sales to institutional customers and export trading companies are mainly on credit. The credit period is generally for a period from one month to three months depending on customers' credit worthiness.

Ageing analysis of trade receivables (net of allowance for doubtful debts) is as follows:

	<b>31 December 2010</b> <i>RMB'000</i>	30 June 2010 <i>RMB'000</i>
0 - 1 month	<b>199,937</b>	400,000
1 - 3 months	<b>6,117</b>	2,755
Over 3 months	<b>15,692</b>	15,630
	<b>221,746</b>	418,385

## 11. TRADE PAYABLES

Ageing analysis of trade payables is as follows:

	<b>31 December 2010</b> <i>RMB'000</i>	30 June 2010 <i>RMB'000</i>
0 – 1 month	<b>8,156</b>	5,786
1 – 3 months	<b>12,433</b>	12,492
Over 3 months	<b>8,147</b>	9,387
	<b>28,736</b>	27,665

## 12. CONVERTIBLE BONDS

On 1 September 2010, the Company issued US\$200,000,000 (equivalent to RMB1,341,600,000 at date of issue) convertible bonds (“Bonds”) to the bondholders with a maturity date due on 1 September 2015. The Bonds bear interest at the rate of 3.7% per annum payable semi-annually in arrears.

Each convertible bond would, at the option of the bondholder, be convertible into ordinary share (the “Shares”) of the Company at an initial conversion price of HK\$8.10 per share with a fixed exchange rate applicable on conversion of HK\$7.7728 = US\$1, subject to adjustment, from the 41<sup>st</sup> day after the issue of the Bonds up to close of business on the 10<sup>th</sup> day prior to the maturity date of the Bonds, or if such Bonds are called for redemption by the Company before its maturity date, then up to the close of business on a date no later than seven dates prior to the date fixed for redemption thereof or if notice requiring redemption has been given by the holders of such Bonds, then up to the close of business on the day prior to the giving of such notice.

The convertible bonds that are not converted into ordinary shares will be redeemed at its principal amount together with interest accrued and unpaid on the maturity date. Further details were set out in the Company’s announcement dated 17 August 2010.

The fair value of the liability component was calculated using discount rate method. The residual amount is the fair value of the equity component which is included in the equity.

The interest expense on the Bonds are calculated using the effective interest method by applying the effective interest rate of approximately 10% to the liabilities component.

Movements of the liabilities component of the Bonds are calculated as follows:

	<i>RMB’000</i>
At 1 July 2010	-
Issuance of the Bonds	<b>1,017,243</b>
Effective interest expense	<b>33,279</b>
At 31 December 2010	<b><u>1,050,522</u></b>

Since the date of issue up to 31 December 2010, no Bonds has been converted into the Company’s ordinary shares.

## 13. APPROVAL OF INTERIM FINANCIAL REPORT

The Interim Financial Report was approved by the board of directors on 28 February 2011.

## **INTERIM DIVIDEND**

The Board has resolved to declare an interim dividend of HK\$0.03 per share for the six months ended 31 December 2010 (six months ended 31 December 2009: Nil) payable on or before 25 March 2011.

## **CLOSURE OF THE REGISTER OF MEMBERS**

The register of members of the Company will be closed from Tuesday, 15 March 2011 to Wednesday, 16 March 2011 (both dates inclusive). During this period, no transfer of shares will be registered. In order to qualify for the interim dividend, all completed transfer forms accompanied by the relevant share certificates must be lodged with the Company's share registrar in Hong Kong, Tricor Abacus Limited, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on Monday, 14 March 2011.

## **FINANCIAL REVIEW**

The Group continued to achieve sound results for the six months ended 31 December 2010. The Group maintained a growth of 18% in turnover to RMB3,835 million (31 December 2009: RMB3,237 million). Gross profit of the Group increased by 15% to RMB2,382 million (31 December 2009: RMB2,069 million).

Profit from operations rose 12% to RMB1,531 million (31 December 2009: RMB1,363 million). In respect of the major operating expenses, selling and distribution expenses amounted to RMB432 million (31 December 2009: RMB344 million), maintained at the same level of 11% of the turnover as the last financial period. General and administrative expenses increased to RMB236 million (31 December 2009: RMB74 million). The total operating expenses amounted to RMB858 million (31 December 2009: RMB543 million), representing approximately 22% of the turnover (31 December 2009: 17% of the turnover). The increase in general and administrative expenses and total operating expenses was mainly due to an increase in employee share option benefits to RMB160 million as share options were granted by the Company during the financial period.

Profit for the period attributable to owners of the Company increased by 13% to RMB1,547 million (31 December 2009: RMB1,364 million). Such profit included a loss of RMB42 million (31 December 2009: a loss of RMB184 million) arising from changes in fair value of biological assets. The loss in fair value of biological assets was mainly due to the seasonal effect brought by the fallow agricultural land of the Group located in the north at the end of the financial period. Excluding changes in fair value of biological assets, profit for the period attributable to owners of the Company rose by 3% to RMB1,589 million (31 December 2009: RMB1,548 million).

## **AGRICULTURAL LAND**

As at 31 December 2010, the production base area of the Group's core business, including vegetable land, tea garden and fruit garden, amounted to 714,933 mu (47,662 hectares), increased steadily by 17% when compared with 609,375 mu (40,625 hectares) as at 31 December 2009. It also recorded an increase of 8% in production base area when compared with 664,225 mu (44,282 hectares) as at 30 June 2010.

The weighted average production base area for vegetables as at 31 December 2010 increased by 13% to 544,520 mu (36,301 hectares) when compared with 479,837 mu (31,989 hectares) as at 31 December 2009. It also represented an increase of 9% when compared with 497,995 mu (33,200 hectares) as at 30 June 2010.

## **MARKET REVIEW AND OUTLOOK**

In 2010, China achieved stable economic growth as the global economy shrugged off the lingering effect of the financial crisis. During the financial period under review, the overall market supply and demand of vegetables was generally in balance, although there were significant fluctuations in vegetable prices, underpinned by initial hikes and subsequent declines, owing to abnormal weather, operating costs and other factors.

The government continued to introduce favorable policies for agricultural development with increased investments. In 2010, the central government budget continued to increase expenditure on the “Three Rural Issues” to RMB818.34 billion, representing an increase of 12.8% comparing to the previous year. In January 2011, the CPC Central Committee and the State Council jointly promulgated Document No.1 relating to the “Decision on Expediting the Reform and Development of Water Conservancy”, identifying the “Three Rural Issues” as the key issues for eight consecutive years. The document highlighted water conservancy as the essential prime condition for modern agricultural development. A number of issue-specific and comprehensive new policies and measures on expediting the reform and development of water conservancy were formulated and announced, confirming water conservancy as a priority area in the nation’s infrastructure development and water conservancy for farmland as a key task in rural infrastructure development.

As a leader in modern agricultural industry, Chaoda will have enormous opportunities for development given favourable government policies and ongoing improvements in the operating environment of the agricultural industry. With consistent recognition and support from the government, Chaoda’s business model of “Company + Production Bases + Farmers” has become a paradigm for modern development of vegetable cultivation in China. The Group will continue to focus on vegetable and fruit cultivation as its core business. We will seek further expansion of our production bases and optimise the geographical distribution of our production bases, while enhancing our modern agricultural system with further technological innovations. By pioneering in the industrialisation, standardisation and modernisation of the vegetable cultivation sector, the Group will reinforce its leadership in modern agriculture with ongoing growth in competitive strengths and shareholders’ value.

## **LIQUIDITY AND FINANCIAL RESOURCES**

The Group’s net cash generated from operating activities for the financial period under review increased to RMB1,803 million from RMB1,655 million over the same period last year. As at 31 December 2010, cash and cash equivalents of the Group amounted to RMB3,886 million, increased by RMB1,842 million when compared with the Group’s cash and cash equivalents of RMB2,044 million as at 30 June 2010. Apart from revenue generated from operating activities, additional funds came during the financial period under review from the placing of existing shares and top-up subscription of new shares, the issue of US\$200 million 3.7% secured guaranteed convertible bonds due 2015 and the issue of call options.

As at 31 December 2010, the total equity of the Group (including non-controlling interests) amounted to RMB24,873 million (31 December 2009: RMB18,050 million). The debt of the Group comprised the convertible bonds. As at 31 December 2010, the debt to equity ratio of the Group was 4% (31 December 2009: 9%) and the current ratio was 27 times (31 December 2009: 3 times).

## PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the six months ended 31 December 2010, the Board had exercised the general mandate granted by the shareholders at the Annual General Meeting held on 27 November 2009, in the best interests of the Company and its shareholders as a whole. The Company has repurchased a total of 3,528,000 of its shares on the Stock Exchange in October 2010. The repurchases are summarised as follows:

Month of repurchase	Number of shares repurchased	Highest price paid per share <i>HK\$</i>	Lowest price paid per share <i>HK\$</i>	Aggregate consideration <i>HK\$'000</i>
October 2010	3,528,000	6.37	6.20	22,259

The above repurchased shares were cancelled on delivery of the share certificates during the six months ended 31 December 2010. Accordingly, the issued share capital of the Company was reduced by the nominal values of the repurchased shares so cancelled.

Save as disclosed above, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities during the six months ended 31 December 2010.

## CODE ON CORPORATE GOVERNANCE PRACTICES

During the six months ended 31 December 2010, the Company has complied with the applicable code provisions of the Code on Corporate Governance Practices (the "Code") as set out in Appendix 14 to the Listing Rules, save for the following code provisions of the Code:-

(i) Code provision A.2.1 of the Code

Under code provision A.2.1 of the Code, the roles of chairman and chief executive officer should be separate. The Board considers that with his profound knowledge and expertise in agriculture business, Mr. Kwok Ho provides a strong and consistent leadership to formulate efficient strategies, to implement prompt decisions and to complete effective business plans of the Group. It is in the best interests of the Company that Mr. Kwok Ho shall continue his dual capacity as the Chairman and Chief Executive Officer of the Company.

(ii) Code provision E.1.2 of the Code

Under code provision E.1.2 of the Code, the chairman should attend the annual general meeting. Due to participation in the meeting held with the government, Mr. Kwok Ho, the Chairman, was not able to attend the annual general meeting of the Company held on 30 November 2010 ("2010 AGM"). The executive directors, the chairmen of the Audit and Remuneration Committees attended the 2010 AGM to answer questions regarding the Group and to exchange ideas with the shareholders.

Other information on the Company's corporate governance practices was set out in the Corporate Governance Report contained in the 2009/2010 annual report of the Company.

## MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) set out in Appendix 10 to the Listing Rules. Upon enquiry made by the Company, all of the directors have confirmed that they have complied with the standards set out in the Model Code during the six months ended 31 December 2010.

**By Order of the Board**  
**Chaoda Modern Agriculture (Holdings) Limited**  
**Kwok Ho**  
**Chairman**

Hong Kong, 28 February 2011

*As of the date hereof, the board of directors of the Company comprises:*

*Executive directors* : *Mr. Kwok Ho, Dr. Li Yan, Ms. Huang Xie Ying, Mr. Kuang Qiao, Mr. Chen Jun Hua and Mr. Chan Chi Po Andy*

*Non-executive director* : *Mr. Ip Chi Ming*

*Independent non-executive directors* : *Mr. Fung Chi Kin, Mr. Tam Ching Ho, Professor Lin Shun Quan and Ms. Luan Yue Wen*